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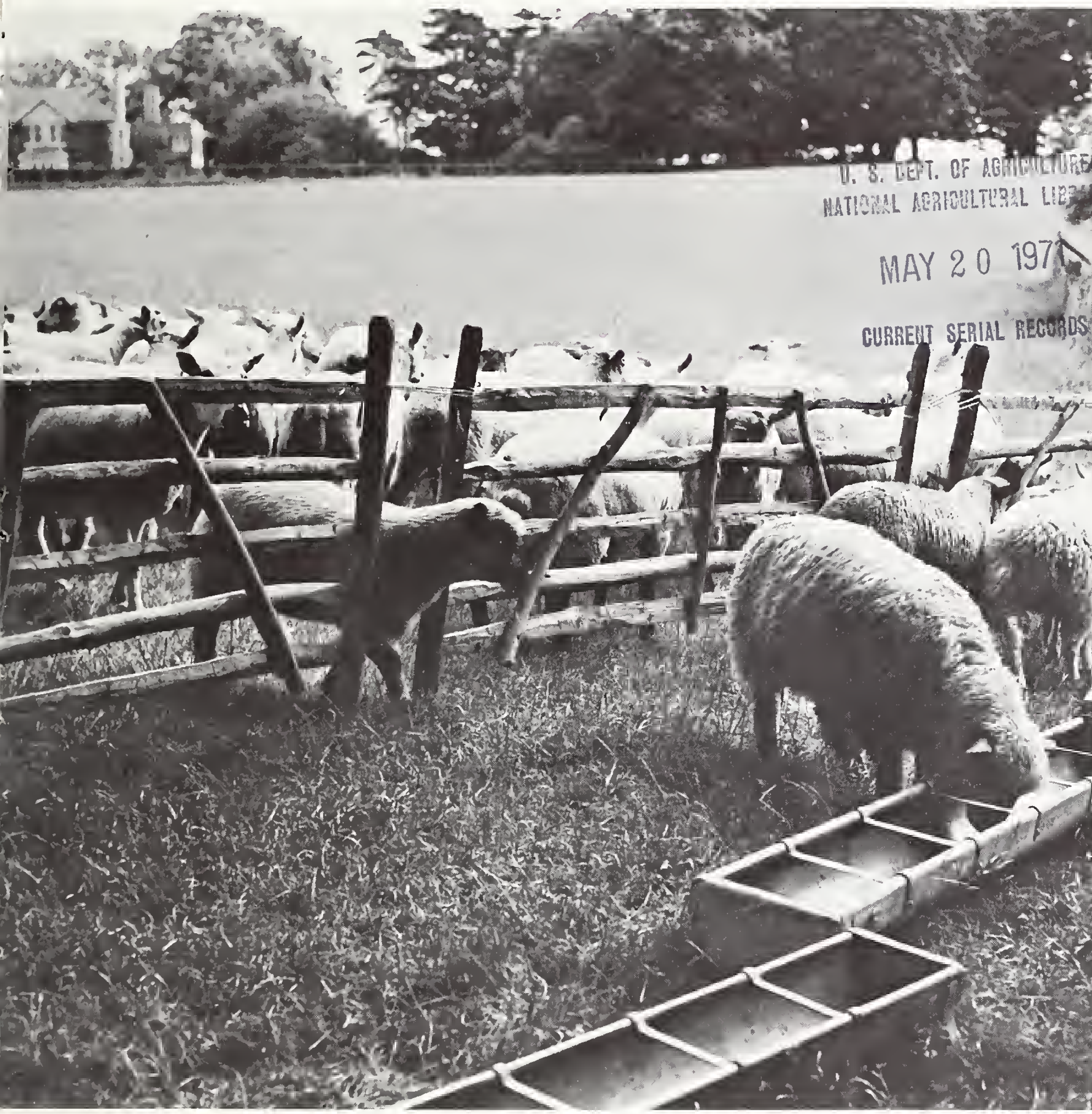

May 10, 1971

U.S. Upland Cotton Exports Meet Stiff Competition

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Sheep in Kent County, England. The British minimum import levies on mutton and lamb are designed to protect domestic production. See article beginning page 6.

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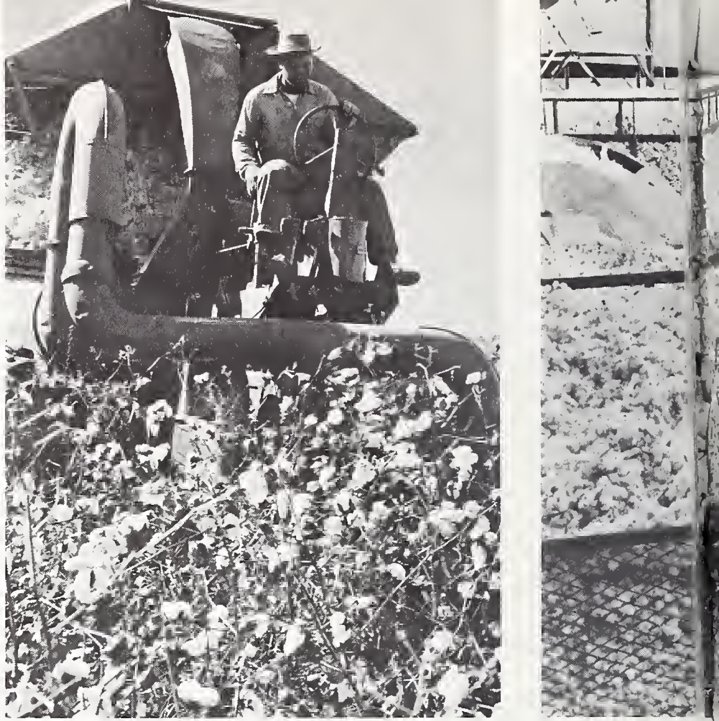


U.S. Uplan
Stiff Competitio

During the past decade, U.S. upland cotton exports have faced rising competition from cotton produced in the foreign Free World. The U.S. share of the world market has shrunk from more than two-fifths in 1960-61 to less than one-fifth in 1969-70, as U.S. production dropped and production in competing countries climbed steeply.

Indications now are that the stage is set for a new round of even stiffer competition for U.S. upland cotton. Foreign acreage and production, bouncing back from the poor season of 1970-71, are due for substantial rises in 1971-72.

Thus, though U.S. cotton exports in 1970-71 surpassed those of the previous year, and are likely to maintain about the same level in 1971-72, the U.S. cotton industry faces an increasingly difficult task in holding onto its share of world trade.

Much of the expanded cotton production and trade of the past decade occurred in 13 major competing countries of the foreign Free World: Brazil, Pakistan, Turkey, Mexico, Iran, Syria, Colombia, Greece, Tanzania, Uganda, Nicaragua, Guatemala, and El Salvador. Their combined output rose by 5.4 million bales during the 10 years, or more than two-thirds.

In nine other areas, each with a relatively small output—Nigeria, the countries of former French West Africa, Rhodesia, Israel, Cameroon, Australia, Angola, Paraguay, and South Africa—combined production more than tripled; and the increase of 1.2 million bales amounted to more than either

otton Meets n Foreign Markets

Mexico or all Central America exported this season.

In the 13 major competing countries alone, the current outlook is for a total 1971-72 acreage of 19.9 million—1.6 million more than last year and not far from the record of 20.3 million in 1968-69. Normal yields would bring a harvest of about 13.6 million bales—above last year's 12.1 million, though still below the record 14.1 million of 1968-69. Probably about 1 million bales of the increase will be available for export.

Brazil is expected to account for over one-third of this 1971-72 increase, with a return to larger acreage in the South and the expectation of more normal growing conditions in the drought-ridden Northeast. Mexico might expand acreage somewhat under the influence of this season's favorable yields and prices; but competition from alternative crops remains strong.

The Central American countries too are being influenced by price rises and are looking toward increased cotton plantings. Pakistan may expand acreage considerably, under the nudge of strong domestic and export demand. Iran may recover in part from this year's reduced acreage level; but Greece, where production costs are high and alternative crops strongly competitive, will probably not expand cotton area. Turkey, on the other hand, disappointed with poor wheat profits, may step up its cotton plantings.

Other foreign Free World countries may increase upland cotton production also, though mainly for domestic use (mostly in India). Output in the USSR may fall by more than 1 million bales, but heavy carryover from this year's extremely large crop could result in bigger exports in 1971-72.

All in all, total foreign exports of upland cotton could rise by considerably more than 1 million bales in 1971-72. Most or all of this increase could be absorbed by world markets without jeopardizing the expected U.S. export level of about 3.5 million bales—that is, **if** foreign Free World consumption continues its present modest expansion; **if** there is a moderate increase in the current low level of foreign importers' raw cotton stocks; and **if** attractively priced U.S. cotton, of the qualities desired, is available in adequate supply.

Price effect on production. Over the years, cotton has been subject to fewer wide price swings than most other crops on which governments rely for foreign exchange earnings. This price stability, which stems directly from the effect of U.S. production control and price support programs, has influenced many governments to increase their emphasis on cotton production.

U.S. cotton programs usually provide a floor for prices in import markets, preventing major drops in the price of cotton. Thus, competing countries have generally been able to maintain cotton prices that enabled their production to move into export in whatever volume they had available.

Further, cotton prices throughout much of the 1960's have tended to encourage maximum production in other countries with little regard to efficiency of operations. Technological improvements sharply increased yields; and these higher yields, on a total foreign acreage ranging around 66 million, have pushed foreign production onto ever higher levels.

In the competing countries, producer response to price changes varies with the share of the nation's crop that is exported. In Central America, for example, where most cotton is exported, producers react more readily to price changes than in Turkey, where local consumption absorbs much of the crop and where Government policy tends to insulate farm prices from world prices.

During the early 1960's, cotton prices trended downward but were generally well above production costs on most farms in most countries. Therefore, cotton acreage showed little response to price changes. But in recent years, Liverpool quotations for Strict Middling 1-1/16-inch cotton (one of the basic qualities that move in world trade) have usually held between 27 and 30 cents per pound. At these lower levels, cotton producers in foreign countries have become increasingly sensitive to price changes. Almost without exception, changes in world prices one year have been followed the next year by changes in cotton acreage, in the same direction.

Apparently, under present conditions a world price of 30 cents or more for SM 1-1/16 inches, c.i.f. Liverpool, can trigger a substantial foreign acreage rise, while a price below 28 cents tends to dampen the enthusiasm of foreign growers.

U.S. cotton was generally competitive on world markets during the current season until about mid-January 1971, and sales for export improved. In February and March 1971, however, U.S. prices rose by 1 or 2 cents per pound, while most foreign prices receded slightly from their earlier sharp rise. Thus, U.S. cotton lost much of its competitive edge, as the result of depleted supplies and a discouraging outlook for larger U.S. acreage in 1971-72. And as of April 1971, cotton prices had reached a level clearly conducive to increased production in competing countries.

Production costs. Among the major competing countries, production costs vary widely. Rough estimates indicate that at average national yield levels, Mexican costs are similar to U.S. costs; Greek costs, higher; Turkish, Colombian, and Central American costs, lower; costs in Iran and Pakistan, considerably lower; and South Brazilian costs, probably the lowest of any except those in East Africa, where nearly all costs are in the form of unpaid family labor.

Production costs per pound, both in the United States and in competing countries, vary sharply from one region of a country to another, with yield the prime reason for differences. In all countries including the United States, a substantial part of the crop is produced at costs far below the national average.

And a sizable portion of the U.S. crop is produced at costs competitive with those of foreign countries. However, foreign producers in some competing countries, although not all, have access to enough land for an economic unit by local standards, whereas U.S. farmers generally have operated under strict acreage limitations for many years. Some countries, too, have a captive home market for oilseeds, so that farmers can receive cottonseed prices far above the U.S. level.

Cotton subsidies. Many competing countries encourage cotton production or exports through direct or indirect aids such as short-term low-cost credit, favorable tax treatment, rebates on fertilizer and other inputs, and low irrigation rates. Such subsidies tend to reduce production costs. It should be noted, too, that these aids in competing countries are almost always designed to increase cotton production, whereas the thrust of cotton legislation in the United States has been to maintain farmer income on limited acreage.

Costs between farm and mill. In terms of costs, U.S. cotton faces some of its strongest competition after it leaves the farm. Off-farm practices followed in many foreign countries help lower their export prices. It costs more than $60 to move a bale of U.S. cotton from farm through gin to foreign mill. And efforts to produce cotton cheaply can be nullified by inefficient or unnecessary operations that occur between the farm and the customer in the import market.

Gins in competing countries frequently handle 10,000 bales each, or more, over several months (a U.S. gin will average about 2,500 bales in a typical 6-week period); less expensive, lighter bagging and ties are used; bales are pressed to final export density at the gin; repeated sampling is avoided; fewer changes in ownership occur between grower and user; and cotton is identified by variety, area of growth, and (in some countries) official grade and other information.

Much cotton is sold before ginning on the basis of seed cotton grades of specific varieties. In a few countries, output from larger farms is held in storage until a sizable quantity is accumulated for ginning. This seed cotton marketing facilitates low-cost gin operations and the assembly of large blocks of relatively uniform cotton.

The U.S. cotton industry, besides working to reduce production costs so that U.S. cotton can meet the competition of other growths and of manmade fibers, will need to explore every possibility of reducing off-farm costs. An improved marketing system could be a lasting benefit for U.S. cotton, putting it on a more competitive basis with that of other nations already providing marketing services at lower cost.

Changes would be difficult in an industry so large and so wedded to traditional ways of operation. Yet the alternative to change may be that U.S. cotton will continue to lose foreign markets, even if further reductions are made in costs of cotton production.

NOTE: Adapted from *U.S. Upland Cotton's Competition in Foreign Markets,* FAS-M-229, April 1971. Copies of this publication may be obtained from the Information Service Branch of FAS, Room 5918-S, Washington, D.C. 20250.

Canada's Pending Packaging Law May Affect U.S. Exports

A bill proposing new and stringent regulations covering packaging, labeling, advertising, and the sale of consumer products in Canada could affect U.S. exports of most packaged consumer goods to that country. The bill —already approved by the House of Commons and now before the Senate—requires that all package labels be printed both in French and in English by 1975.

The Minister of Consumer and Corporate Affairs has stated it is the intention of the Government that by 1975 "bilingual labeling should, as a general practice, be mandatory at the point of manufacture . . . ."

With the exception of real estate, the ordinance—regarded as the most wide-sweeping piece of consumer protective legislation ever enacted in Canada—will apply to "any article that is or may be the subject of trade or commerce." The ordinance applies both to locally produced and to imported products.

The proposed law requires that all prepackaged items bear a label giving full information about the package's contents—the generic name of the item; its weight in common Canadian measure as well as in metric measure; a number count, if that is general practice; and the name and address of the manufacturer, packer, or distributor, as well.

Any reference to number of servings must be given as individual pieces or as servings of a given weight.

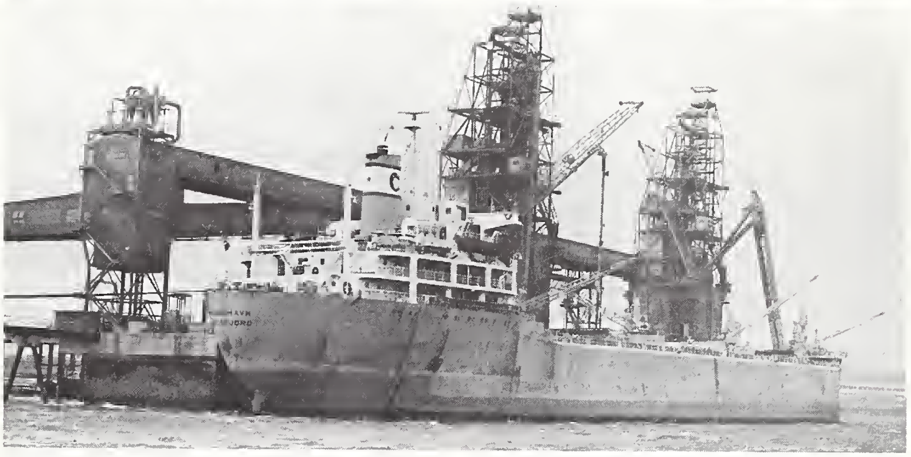
The law also requires that no statements, illustrations, symbols, or advertising may be used in such a way as to confuse the purchaser about the package's quantity or quality.

If enacted, the law would give the Canadian Cabinet the right to regulate shapes and sizes of packages if there are so many that the consumer is confused or misled as to their contents.

The Cabinet also could exempt any prepackaged product or class of products from the law's requirements. It could prohibit or limit the use of any container or label connected with any prepackaged product and determine the form and manner in which information on the label should be shown—including the language to be used.

Persons found guilty of violating the law could be fined or imprisoned, or both. Under the bill fines range from $5,000 to $10,000, while sentences range from 6 months to 1 year.

A Successful First Year For Britain's Tilbury Grain Terminal



(Photos: Port of London Authority)

By KENNETH L. MURRAY
Assistant Agricultural Attaché
London

Britain's newest and most modern grain import terminal, located about 25 miles down the Thames from London, has been in operation for more than a year now, and the figures attest to its success. Since it opened in June 1969, Tilbury Grain Terminal has put through a volume of over 2 million tons of grain and soybeans.

About half of the total was accounted for by U.S. corn, wheat and soybeans. In the Terminal's 20 months of operation, about 30 million bushels of corn, 7 million bushels of wheat, and 4 million bushels of soybeans have been shipped directly from the United States through the Tilbury facility. This means that approximately one-fourth of the grain and soybean tonnage sold by the United States to the United Kingdom moves through this new terminal.

At the outset, the new facility, like many fresh ventures, had "teething troubles." There was a structural problem in the silos that was soon corrected. It also took some work to convince the trade that the new port offered important advantages. However, three flour milling companies have already built mills beside the Terminal's dock in order to capitalize on the modern offloading equipment.

Since the Terminal can accommodate larger vessels than any other U.K. port (up to 65,000 tons deadweight, even at low water times) the efficiencies of bulk are reflected in lower handling costs. Prices of corn shipped directly from the United States are about $2 to $4 per ton cheaper at Tilbury than at other U.K. ports.

The Port of London Authority, which administers Tilbury Grain Terminal, now hopes to negotiate with feed compounders to open mills at the new site. If these negotiations are successful, there will be still further demand for use of the port facilities. However, this might add to Tilbury's main problem—too much business.

The Port's silos, which have a capacity of 100,000 tons, simply are not spacious enough to accommodate all the trade volume that could be serviced. Delays in offloading have been frequent for lack of storage space and outlets, such as transshipment to coasters.

Still, the Terminal manages to put through an average of about 1,000 tons per hour operating on a two-shift, 14-hour day. Although this discharge rate is impressive, it is still only about half what the two marine legs are capable of, providing there is room to place the tonnage. Fortunately, the architects provided for potential expansion of silo capacity to 240,000 tons.

Tilbury is essentially a transshipment point. While some of the grain volume it handles goes directly to the three flour mills located on site, the bulk is sent on by barge, coaster, truck, and rail to other points.

The success at Tilbury should spur work on its sister terminal which is now under construction near Liverpool on the northwest coast of England. This new grain terminal, which is to be called Seaforth, is due for completion in 1972. It will have capacities and equipment similar to Tilbury and will be able to service much of western Great Britain and Ireland.

These ports will be invaluable to the United Kingdom in keeping up and competing with its Continental neighbors. Between Tilbury and Seaforth there will be a physical capacity large enough to handle the whole volume of U.K. grain imports. However, distance will make it more economical to continue using some of the other ports. The two terminals will be far enough apart to make them complementary rather than directly competitive.

U.K. Sets New Farm Price Guarantees, Moves Toward Variable Levies—Part II

By DAVID P. EVANS
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While Britain's 1971 Annual Review and Determination of Guarantees for agriculture [1] does not overnight change the traditional British system of support to a full-fledged variable levy system, its provisions must be viewed alongside the outline—simultaneously made available by the Agriculture Minister—of new interim levy schemes and the minimum import prices which they are to support.

The Review White Paper gave no details of the new arrangements to be introduced for minimum import prices for beef and veal, mutton and lamb, or milk products; nor were the amended arrangements for cereals listed. But after making his main statement on the Review to the House of Commons on March 17, the Minister gave a general outline of the new arrangements; and the Review White Paper's first paragraph took up the subject of import levies in these words:

"This year's Annual Review has been held on the threshold of significant changes in the system of agricultural support. . . . Developments over the past two decades have made the time ripe for modifications in our support system and each move forward will mean changes in the Annual Review system as we know it today. The Government's declared aim is to adapt the present system of agricultural support to one relying increasingly on import levy arrangements under which the farmer will get his return increasingly from the market. Accession to the European Economic Community would of course lead to our adoption of the Community's agricultural policy and methods of support."

The import levy arrangements referred to have been matters for discussion in the United Kingdom for more than 2 years.

The levy system as originally proposed by the then Shadow Minister of Agriculture Joseph Godber had envisaged the entire replacement of the traditional deficiency-payments system of agricultural support by one based on variable import levies maintaining U.K. market prices high enough to secure a satisfactory return to the British farmer. (See *Foreign Agriculture,* Feb. 17, 1969).

In other words, the United Kingdom's traditional cheap food policy, under which low-priced imports were the main determining factor of market prices, was to be replaced by a system where the British farmer relied on a protected market, and not on the taxpayer, for his prices and, therefore, his income.

A storm of protest at the time by the National Farmers Union (NFU) led to some modifications of the original Godber proposals before last June's General Election and change of Government. The modified policy included provision for certain "fallback" guarantees to be set somewhere below desirable market prices and for very limited deficiency payments if the actual market prices dropped below these "fallback" levels.

On October 22, 1970, the new Government announced that interim import levy schemes with respect to beef and veal, mutton and lamb, and milk products other than butter and cheese were to be introduced as soon as possible. Furthermore, the existing minimum import price systems for cereals and eggs were to be modified and strengthened, the Government said.

New MIPs for meats, milk

In outlining the new MIPs, the Minister announced that from the first week in July 1971, imports of fresh, chilled, and frozen beef and veal and of fat cattle would be subject to a system of general variable levies to support minimum import prices on a weekly basis. (Imports from the Irish Republic are not affected.)

These minimum import prices will be related to an annual target indicator price for fat cattle in the British market of $22.18 per 100 pounds. This price is, of course, an annual average of a scale of seasonally varying weekly target indicator prices on the same principle as the year's guaranteed price, which has been newly fixed at $26.47 per 100 pounds. It is translated into a series of weekly standard prices varied on a seasonal basis. Under the scheme, levies will be paid if for any week the average market price of fat cattle in the United Kingdom falls below that week's target indicator price.

The Minister stated that in his and his Department's view the expected seasonal variations in the 1971-72 market price would be higher than the seasonally varied scale of target indicator prices and that therefore the impact on retail meat prices in 1971-72 would be nil. In other words, for the present, the beef MIP system is intended as no more than a floor under the market.

No details of the seasonal scales or of the conversion factors to be used between meat and fatstock have been announced.

For mutton and lamb, however, there will be specific duties on all imports except those from the Irish Republic. These will amount to $22.39 per long ton during the period July 1-December 31, 1971, increased to $44.81 per ton during the period January 1-June 30, 1972, and to $67.20 per ton after July 1, 1972. (Bone-in mutton will pay half these rates.) The duties will add 1 cent per pound to the market prices of imported lamb during the first 6 months of the scheme and 3 cents per pound after July 1, 1972.

Special arrangements for imports of fat cattle, beef, veal, and mutton and lamb from the Irish Republic are being worked out with the Government of the Irish Republic.

Also beginning July 1, minimum import prices, enforced when necessary by import levies, will come into force on certain milk products as follows (in cents per pound): Fresh cream, 37.6; canned cream, 26.7; skim milk powder, 16.8; whole milk powder, 29.3; and condensed milk, 14.5.

[1] See Part I of this article, *Foreign Agriculture,* May 3, 1971.

No minimum prices are proposed for butter and cheese, imports of which will continue to be controlled by quotas for the former and voluntary restraint arrangements on Cheddar and Cheddar-type cheese for the latter.

Agriculture Minister Prior said it was estimated that the 53-million-gallon reduction in the standard quantity under the milk guarantee would result in a $13.2-million loss to dairy farmers. It is believed, however, that the new MIPs on milk products, together with the expected firmer butter and cheese prices, will lead to higher prices for manufacturing milk and therefore to the absorption of the potential loss, with something left over to help raise the pool price for milk.

New MIPs for eggs, grain

Increases in the minimum import prices on imports of shell eggs and egg products took effect from March 29, 1971. These new MIPs are the Government policy of replacing the guarantee system for eggs by a free market system protected from imports by a minimum import price structure maintained by import levies when these are appropriate.

Minimum import prices were first introduced on eggs and egg products from March 31, 1970. The new MIPs are considerably higher than those in force in 1970-71 and are 30 cents per 120 eggs higher on each weight grade than formerly. The range of minimum import prices goes from $2.83 per 120 eggs for those not exceeding 11 pounds per 120 to $4.25 for those weighing over 17 pounds per 120.

The new MIP for liquid and frozen whole egg goes up from $528 per long ton c.i.f. duty paid to $672, while the MIP for dried egg goes up from $1,584 per ton to $2,160.

The new arrangements for the grain MIP system are complex in their details. In terms of averages, present grain MIPs will go up by $8.40 per long ton between July 1, 1971, and July 31, 1972. Between August 1 and December 31, 1972, the grain MIPs will go up by an amount that would be $14.40 per long ton above present levels for the 1972-73 crop year as a whole. Thereafter, these MIPs will be the subject of later determination.

The grain MIPs will rise seasonally through the year from August to July in order to encourage orderly marketing; the total range of the variations will be $7.20. The forward period for which contracts may be registered will be 3 months, as it is now.

Aside from the seasonal variation in the MIPs, the major difference between the present system and the new one is that the "co-operating country" and "country levy" provisions are being replaced by variable general levies assessed on the difference between lowest representative offering prices and the relevant MIPs.

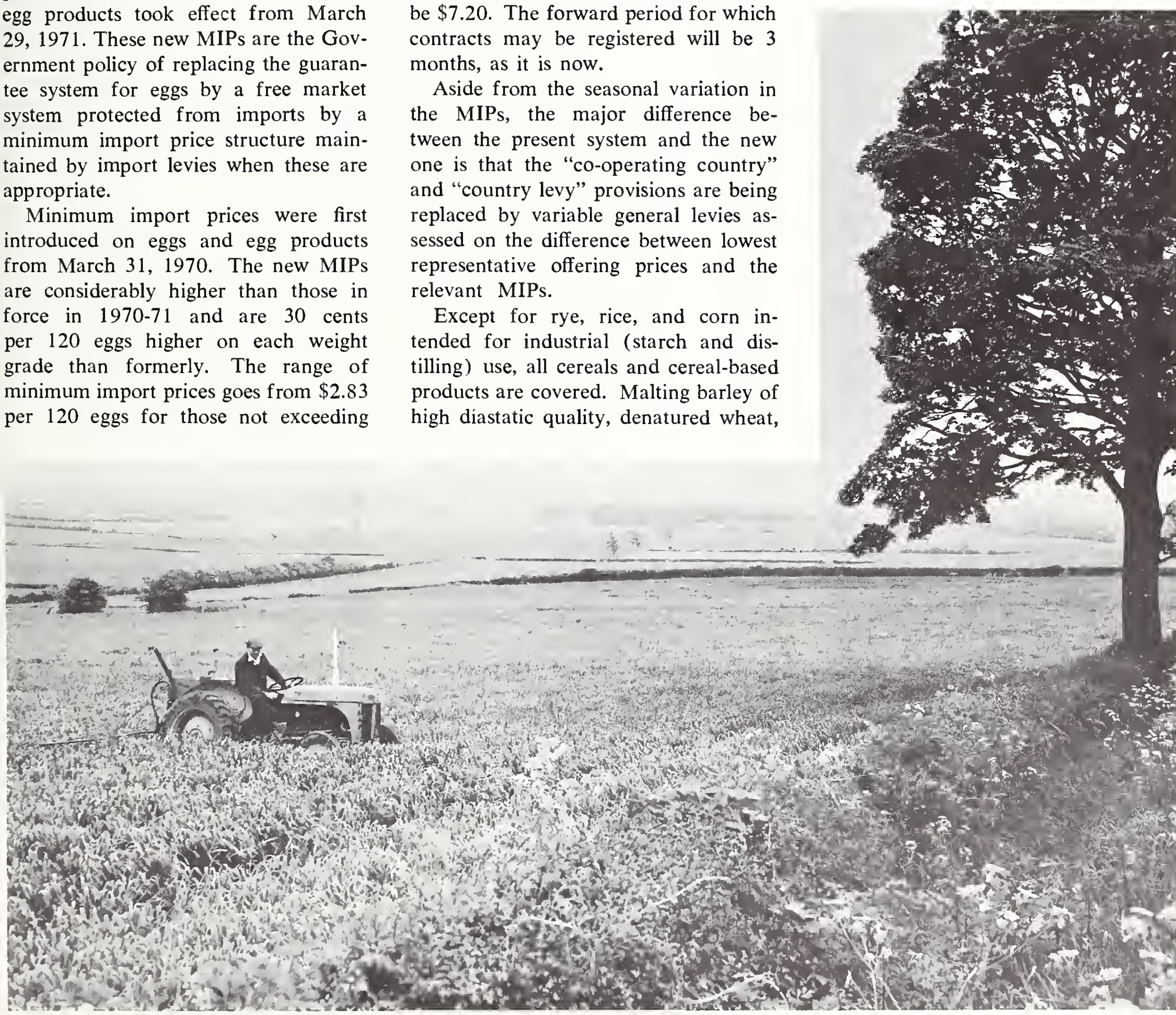
Except for rye, rice, and corn intended for industrial (starch and distilling) use, all cereals and cereal-based products are covered. Malting barley of high diastatic quality, denatured wheat, and flour not suitable for human consumption will have their own system of minimum import prices.

As with beef, the Minister thought that the new MIPs would have little or no impact on market prices in 1971-72 in view of the very high world free market prices for grain. He told a questioner in the House of Commons that the impact on the feed costs of the British farmer would be nil.

Opposition hostile

The reaction of the Opposition in the House of Commons to the Minister of Agriculture's statement was hostile and noisy.

Cledwyn Hughes, Minister of Agriculture in the last Government, said that the Review was a "soak the house-



wife" review, and Agriculture Minister Prior was questioned very closely and angrily about how much of the cost of the awards would fall on the Exchequer and how much on the housewife in increased prices.

Mr. Prior said that the interim levies on mutton and lamb and milk products would add only about 0.5 percent on the food index component of the cost of living, while the increase in the retail price of milk to pay for higher guarantees would push it up another 0.75 percent. This would result in a maximum of 1.5 percent on the food index, which would add only about 0.5 percent on the cost of living index.

Mr. Prior maintained in the face of stormy protest from the Opposition that the higher guarantees allied with the start of a levy system would restore confidence among farmers at a time when it was essential to increase production on a scale that would achieve import savings and prepare for Britain's entry into the EC.

Later, at his press conference, the Minister was able to apportion the $331.2-million award between the taxpayer and the consumer. The amount falling on the consumer, he said, would be $153.6 million, including $64.8 million arising from last October's measures, and the remaining $177.6 million would come from the Exchequer.

Since in the Review farmers do not fully recoup increased costs, disagreement also came from the National Farmers Union. Nevertheless, Union reaction is not wholly unfavorable, and what protest exists is unusually mild. The Union's official comment begins, "While we feel that the terms of the 1971 Price Review fall short of what was needed, they should help farmers to fight off the effects of inflation incurred to date."

The Union points out that the cost of agricultural support to the Exchequer, both as a proportion of total public expenditure and in real terms, has fallen significantly since the early 1960's; and it claims that the sharp rise in market prices over the past year has benefited the Exchequer rather than farmers. The Union appreciates, however, that the Government is fighting inflation by trying to dampen demands for higher incomes and that it is determined to reduce public expenditures.

A discussion of the 1971 Annual Review must take into account whether its aims appear attainable. It certainly seems likely that the size of the award will lead to an expansion of British agricultural production, provided cost inflation does not continue. The Review of 1970 was, in a sense, even more generous than the present one in that it more than compensated for rises in costs during the previous year. Its aims, however, by and large were nullified because costs during the following year went up very sharply indeed. If in 1971-72 there is simply a repeat of 1970-71's cost spiral, any propensity for expansion would soon evaporate.

It is probably true, however, that a combination of the Review and the new protective devices provided by the extended minimum import price system will provide a favorable psychological base for decisions by farmers to expand. While in 1971-72 additional protection provided by the MIPs is no more than moderate and may not even be required for beef and some grains, farmers now know that more increase in protection will come, whether the United Kingdom is inside or outside the EC.

For cereals they already know that by mid-1972 there will be an additional protection amounting to $14.40 per ton.

One of the most telling of the new measures will be the levies on milk products if they help significantly to raise dairy farmers' returns. Milk sales provide one-fifth of all farm sales in the United Kingdom, and upon a thriving dairy sector depends the supply of calves for beef and, therefore, a significant proportion of demand for animal feed.

Saskatchewan Farmers Expect To Up Wheat Acreage — Told To Raise More Feedgrains, Oilseeds, and Livestock

Saskatchewan, Canada's most important wheat-producing Province, intends to expand wheat acreage in 1971 after a small crop in 1970. Estimates made at a Provincial Outlook Conference in March, and revised estimates released by the Canadian Government in April, indicate that Saskatchewan farmers intend to plant 12.3 million acres of wheat in 1971 compared to 8 million acres in 1970.

Officials at the Conference emphasized, however, that Canadian wheat will probably face greater competition in the future, and the Province should expand its production of feedgrains—particularly barley—oilseeds, and livestock.

The Conference was held after the National Outlook Conference in Ottawa to disseminate information about the current and coming crop year on the Provincial level. This is part of a new Canadian Government program to involve the producer in the decision-making process and make Canada more competitive in world grain markets.

The Canadian Wheat Board has estimated the amount of wheat that producers will be able to sell on the world market as well as the outlook for prices. The goal is to encourage production of the types of grain, including their protein content, that markets demand.

The Outlook Conference in Saskatchewan was of particular interest since that Province accounts for about two-thirds of Canada's wheat acreage and production. Wheat is, by a large margin, Canada's most important agricultural export.

Participants at the Outlook Conference advised farmers that a total of 20 million acres of wheat planted throughout Canada with about 13.5 million acres in Saskatchewan would result in a crop adequate for demand and would allow a reduction in stocks. The Dominion Bureau of Statistics has since announced that farmers intend to plant somewhat smaller acreages—a total of 18.6 million acres in Canada and 12.3 million acres in Saskatchewan. This would be a 49-percent increase in the 12 million acres of wheat planted in Canada in 1970, although not as large as the peak years of the 1960's. The 1970 crop was limited by the Government's LIFT (Lower Inventory for Tomorrow) Program and unfavorable weather.

In order to assist producers in deciding quantities and types of grains to plant, the Canadian Wheat Board

Saskatchewan wheatfields (Photo: NFB)

announced on April 1 that it would purchase a minimum of 388 million bushels of the 1971 wheat crop.

Exports in 1970-71 should reach 430-450 million bushels. This increase over last year's exports of 347 million bushels is largely due to increased shipments to Mainland China, Egypt, Algeria, Brazil, and Peru. (See September 7, 1970 issue of *Foreign Agriculture.*) Exports of this size would lead to a carryover of 700-750 million bushels on July 31, 1971. This would be larger than the 650 million bushels hoped for earlier, but a considerable reduction from the 1,009 million bushels carried over in 1970.

Although the outlook for wheat exports appears to be good for the balance of 1971, officials emphasized that world demand for the 1971 crop may not follow the same pattern as this year's. It is currently estimated that exports in 1971-72 will fall to 350-400 million bushels. This is due to a trend toward self-sufficiency by many importing countries and a probable return to near-normal production by some countries, such as Argentina and France, which had experienced setbacks in 1970.

Considerable attention was also given to growing wheat as a feedgrain. A new grade proposal has established specific grades for feed wheat, and special varieties for use as feed have been released. With corn and barley prices high, use of wheat for feed is expected to expand and Canada hopes to increase its share of the world feedgrain market.

Barley production is also scheduled for a large increase this crop year. Spokesmen at the Conference said that exports of this feedgrain will continue to rise and should reach 175 million bushels this year. To produce enough for this market and to increase depleted stocks, acreage planted in barley is expected to increase 50 percent to 15 million, with 6.4 million acres in Saskatchewan. This represents a remarkable 94-percent increase over 1970 in the acreage planted to barley in Saskatchewan.

The expectation of strong demand for this crop is based on the possibility that the U.S. corn crop could again be affected by blight and that the 1970-71 crop year could end with a relatively low carryover.

The Canadian Government has made these predictions and passed them on to Saskatchewan farmers hoping that they will produce crops with the best sales potential so that the Government will not be faced with unmanageable surpluses. The Government feels that 1971 will be a good year for wheat and barley, but they are concerned about the need for future diversification to lessen the Province's dependence on wheat. Therefore, the Outlook Conference also explored the possibility of expanding output of other crops.

The most attractive area for expansion is oilseeds, particularly rapeseed. Rapeseed production has already grown considerably—Saskatchewan produced more than three times as much in 1970 as in 1968. Exports have kept pace with this growth and Saskatchewan farmers intend to expand acreage an additional 20 percent to 2.4 million acres in 1971.

Of the other oilseeds flaxseed is currently the most important, but it has been increasingly difficult for Canadians to market it because of expanded use of synthetic substitutes for linseed oil and competition from the United States and Argentina. Total Canadian acreage of flaxseed is expected to drop 40 percent below that of 1970, with Saskatchewan farmers cutting back 25 percent to 1.1 million acres.

Participants at the Outlook Conference also gave some attention to the possibility of expanding the small production of sunflowerseed since present domestic production is not sufficient to supply the Canadian market at this time.

Possible expansion of the livestock industry was also considered. Livestock production has never played a major part in Saskatchewan's agriculture. Income from livestock accounts for only 30 percent of Saskatchewan's total farm income, while for Canada as a whole it is more than 60 percent. Saskatchewan has about 7 percent of the cattle in Canada, but only about 1.5 percent of the combined numbers in the United States and Canada.

Participants at the Conference recognized that developments in Saskatchewan have little effect on the North American livestock market. Grain-fed cattle are not now competitive with comparable U.S. cattle in the U.S. market. However, beef consumption continues to rise in Canada, and there is room for growth to supply this market. The speakers advised that Saskatchewan should develop a reputation for regularity of supply and quality.

Cattle near Goodwater, Saskatchewan

NRA Promotes U.S. Tallow in Milk Replacers For European Lamb Feed

Milk replacers, increasingly popular as components of calf feed, are gaining renewed emphasis this year as a prime target of the National Renderers Association's overseas marketing campaign. Seeking new markets for U.S. tallow, the NRA is aiming its current development efforts at the sheep industry in Europe and the relatively recent science of raising lambs on high-fat content replacers.

Since 20-30 percent of the solid matter in lamb milk replacers must be provided by fat (a total of 7-8 percent fat after dilution), the potential for tallow in this capacity is especially favorable. A typical replacer formula for lambs contains dried skim milk, soybean meal, emulsifiers, vitamins, minerals, and antibiotics as well as the tallow.

Activities sponsored by the NRA this spring have included a lamb milk replacer conference and feeding trials on the island of Sardinia and lamb milk replacer workshops and feeding trials in Burgos, Spain. These programs are aimed at sheep and lamb producers, nutritionists, technicians, feed manufacturers, and agricultural and government officials.

The southern European area is a particularly good target for development since the Mediterranean basin relies heavily on the rearing of sheep for meat, milk, and cheese. The current marketing thrust follows closely on the heels of the lamb feeding demonstrations conducted by the NRA at the Feria del Campo (festival of the fields) in Madrid last spring (*Foreign Agriculture,* June 22, 1970).

The NRA has defined a number of economic goals that would benefit European sheep farmers who raise their lambs on milk replacers:

- To free the valuable ewe's milk for use in the manufacturing of cheese;
- To shorten the lactation period and thus aid the higher fecundity programs for ewes;
- To encourage the early weaning of lambs in order to obtain two births in one year;
- To supplement the lactation of flocks in arid areas where milk production is lower than normal;
- To increase the growth rate of lambs and provide better lamb meats.

Scientific research and testing are still major factors in the development of markets for lamb milk replacers, and NRA is conducting a number of scientific trials this year to prove the viability of feed grade animal fat and animal proteins in concentrated feeds. European feed and livestock industries rely heavily on research results.

Two areas of extensive research have been the adaptation of replacer formulas to the special composition of ewes' milk and the development of mechanical suckling equipment. Because of the high fat content in the dry extract of ewe's milk—40 percent, compared to about 30 percent in cow's milk—scientists attempt to add as much fat as possible to replacer formulas. The exact amount is determined by the quantity a lamb's system can tolerate and technical factors such as the problem of maintaining a stable emulsion.

With a boost from NRA research and promotional activities, the outlook is good for increased U.S. tallow sales to Europe for use in lamb milk replacers. Both France and Spain, as well as a number of other European countries, have increased their lamb and mutton production over the past decade.

Furthermore, U.S. tallow production and exports continue to increase. Tallow and grease production rose from about 5.2 billion pounds in 1969 to an estimated 5.4 billion in 1970, while exports rose from 1.9 billion pounds to 2.3 billion pounds during the same period. Thus, U.S. tallow and grease exports increased from 37 percent of production to 42 percent.

National Renderers Association demonstrated the use of milk replacers at the Feria del Campo exhibit in Madrid last spring.

U.K. Farm Review Exempts Irish From Levies; Raises Irish Quotas, Prices

In its 1971 Farm Price Review, the United Kingdom announced that Irish farm exports will be excluded from any levies Britain introduces next July. Irish butter and cheese quotas will be increased substantially and Irish cattle and sheep producers should benefit from higher export prices and/or higher subsidies as a result of the increases announced in the guaranteed prices for U.K. fat cattle and sheep.

Most welcome to Irish farming circles was the announcement that Ireland will be treated as part of the United Kingdom when British agriculture begins, on July 1, a 3-year transition from the present system of Exchequer subsidies to an import-levy system. Overall the new system can only mean better returns for Irish farm exports by effectively reducing competition from other supplying countries. The Irish farmer should benefit as much as his U.K. counterpart from the levies.

This exceptional treatment for Ireland has been attributed to the Anglo-Irish Free Trade Area Agreement. This is the first real benefit for Ireland from the agreement. In the proposed meat levies, even old Commonwealth trading countries like Australia and New Zealand will feel the full impact of the new system.

The larger quotas for butter and cheese (most other items received smaller allocations) should buoy sagging confidence in Irish production of manufacturing milk. The basic butter quota will be 33,000 long tons during the 1971-72 marketing year. Ireland has an option of supplying another 2,000 tons for immediate consumption, which would bring its total share of overall British imports during the coming year to 8.3 percent. The 1970-71 basic quota was 30,000 tons, with an additional 2,000 tons obtained on an ad hoc basis in November.

Ireland is the only foreign supplier to receive a higher butter allotment for 1971-72; the total quantity authorized for import from other sources was reduced by 2.5 percent.

Supplies of Cheddar and Cheddar-type cheese to Britain are regulated by a "voluntary" agreement negotiated with major suppliers. For 1971-72, Ireland has agreed to limit supplies of these cheeses to 20,000 tons compared with the 1970-71 level of 17,500 tons. Ireland's share of the 135,750 tons being distributed to all supplying countries for the coming year is almost 15 percent compared with 13 percent for the current year.

The increase of $1.74 per hundredweight (112 lb., live weight) in the guaranteed price for U.K. fatstock will mean an immediate rise in Irish feeder cattle prices, since Irish feeders finished for at least 2 months in the United Kingdom qualify for British deficiency payments. The rise in Irish feeder prices, however, will hardly be equivalent to U.K. increases, since, to some extent, anticipation of the British action has brought about a steady increase in cattle prices in Ireland over the last several months.

Under terms of the Anglo-Irish Free Trade Area Agreement, 25,000 long tons of beef and 5,500 tons of lamb consigned annually to the United Kingdom qualify for the weekly fatstock guarantee payments. Irish carcass meat exporters do not know yet if the British price increases for beef and lamb will be passed on in higher subsidies for these commodities shipped to the United Kingdom from Ireland.

In addition, up to now, the Irish Exchequer has made weekly payments, based on the U.K. rates, on the quantities of beef and lamb consigned to the United Kingdom above the agreed levels. However, the Irish Department of Agriculture has not yet disclosed what action it will take on the latest increases by the United Kingdom.

Soviet Cotton Exports Decline

International trade circles have expected the 1970-71 Soviet cotton crop estimated at 10.8 million bales—to mean larger Soviet exports at lower prices. As of mid-April, however, this had not happened and there is some indication that Russian cotton will likely have no depressive effect on world markets this season.

Since ginning operations are normally spread over a 10½-11-month period each year, some increase in exports may occur later this year but certain factors reported recently could minimize such an increase in exports unless another abnormally large cotton crop is harvested in 1971.

Available 1970-71 import statistics (for varying periods) from 14 non-Communist countries that normally import 600,000 to 900,000 bales of Russian cotton annually show only 81,000 bales this year against 330,000 bales for the same months in 1969-70. Japan, for example, imported only 32,000 bales during August 1970-February 1971 versus 211,000 bales in the same period a year earlier.

There are several possible explanations for this drop in exports.

The reduced 1969 crop (8.9 million bales against 9.3 million bales for each of the 3 years prior to 1969) apparently resulted in depleted stocks of cotton with some rebuilding needed.

Moscow press reports indicate a new Government policy that is increasing available supplies of cotton textiles to the domestic market and could result in a half-million-bale rise in domestic mill consumption this year.

Russian cotton prices have been above the world market since mid-1970 and sales for shipment in nearby months were suspended. Offers of cotton for shipment in October-November from the 1971 crop were begun in early April at prices up 0.25 cent per pound from the date of suspension. At 32.75 cents c.i.f. Liverpool for S.M. 1-1/16 inches they are priced 0.75 cent per pound above similar U.S. qualities.

U.S. Farm Trade Aids Balance of Payments

Agricultural trade made a net contribution of $762 million to the U.S. balance of payments in calendar 1970. This compares with $271 million in 1968 and $243 million in 1969.

The increase was due almost entirely to an increase in commercial agricultural exports over imports. The contribution by noncommercial agricultural exports in 1970 ($376 million) was nearly unchanged from a year earlier. The contribution from dollar credit sales continued to rise, but was mostly offset by lower returns from noncommercial sources.

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Weekly Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 5	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.93	−4	1.99
USSR SKS-14	1.91	−1	(1)
Australian FAQ	1.83	0	1.70
U.S. No. 2 Dark Northern Spring:			
14 percent	1.93	−2	1.90
15 percent	1.98	−3	1.98
U.S. No. 2 Hard Winter:			
13.5 percent	1.91	0	1.87
USSR-441 Yellow Winter	(1)	(1)	(1)
Argentine	(1)	(1)	1.81
U.S. No. 2 Soft Red Winter	1.76	0	1.73
Feedgrains:			
U.S. No. 3 Yellow corn	1.65	−1	1.66
Argentine Plate corn	1.68	0	1.71
U.S. No. 2 sorghum	1.46	0	1.46
Argentine-Granifero sorghum	1.42	−1	1.44
U.S. No. 3 Feed barley	1.27	−5	.95
Soybeans:			
U.S. No. 2 Yellow	3.25	+6	3.13
EC import levies:			
Wheat	1.52	0	1.68
Corn [2]	.89	−1	.87
Sorghum [2]	1.02	−2	1.00

[1] Not quoted. [2] Until Aug. 1, 1972, Italian levies are 19 cents a bu. under those of other EC countries.
Note: Basis—30- to 60-day delivery.

Spain Subsidizing Corn Production

Corn production in Spain has increased rapidly in recent years and in 1970 totaled 2 million tons, or 56 percent more than in 1966. But demand has increased even more rapidly, and Spain has had to rely largely on corn imports—mostly from the United States, Argentina, and France—to meet domestic requirements. U.S. corn exports to Spain in 1969-70 totaled 816,000 metric tons.

In an attempt to reduce the corn gap, the Government has been providing financial assistance to corn growers. Recently the Ministry of Agriculture announced a new program to assist corn farmers living in nine of the country's provinces.

Under the program, which will extend from 1971-72 through 1974-75, loans and subsidies will be granted to cover some corn production costs.

Farmers will be able to borrow money to buy seeds, fertilizer, and pesticides. The loans will carry an interest of one-half of 1 percent per month and will be repayable prior to January 1 of the year following the date of the loan.

In addition, subsidies—ranging from 40 to 75 percent—will be paid to help farmers cover the cost of seeds, fertilizer, and pesticides. A subsidy of 40 percent will be available to help cover the costs of silo construction.

Tobacco

Rhodesia Announces Tobacco Target

David Smith, Rhodesian Minister of Agriculture, recently announced to the Rhodesian Parliament an increased national tobacco target of 132 million pounds for 1971-72, at a guaranteed average producer price of 32.2 cents per pound. He also announced 1972-73 and 1973-74 targets of not less than 120 million pounds each, also at an average price of 32.2 cents per pound.

For the current crop, growers have been guaranteed 32.2 cents for the first 120 million pounds, plus 21 cents for an additional 12 million pounds. In 1972 growers will receive the full 32.2-cent guarantee for 132 million pounds.

In order to prevent producers from placing low-quality tobacco under loan, the Minister also announced a quality incentive bonus. This program will apply to those farmers whose sold tobacco is less in volume than the final marketing quota allotted to them. The formula for calculating the incentive bonus is: 45 percent of the individual's gross income from his sold tobacco, multiplied by the percentage of his shortfall but not exceeding 10 percent.

U.K. Cigarette Sales Up After Slump

U.K. cigarette sales, which dropped sharply after the January release of the British Royal College of Physicians report "Smoking and Health Now," seem to have recovered, according to several prominent British tobacconist groups.

In some places sales were reported to have dropped by as much as 25 percent in the weeks following the report's release. However, latest figures indicate that sales are now running only 3 percent to 6 percent lower. There has also been a sharp increase in sales of pipes, pipe tobacco, and small cigars.

British cigarette manufacturers have voluntarily agreed to label cigarette packs with a warning that "smoking can damage your health."

U.S. Tobacco Imports, January-February

Imports of unmanufactured tobacco leaf for consumption (duty-paid withdrawals from customs bond for manufacture) were 37.5 million pounds in January-February 1971, up 3.4 million pounds, or 10 percent, from the analogous period in

1970. Most of the gain was in cigarette leaf (other), which increased from 23 million to 25.2 million pounds, and in scrap, which increased from 9.3 million to 10.9 million pounds. Cigarette leaf (flue and burley) declined from 1,025,000 to 127,000, a loss of 898,000 pounds.

General imports (arrivals) of unmanufactured tobacco into the United States during January-February were 47 million pounds, a reduction of 16.1 million pounds, or 25 percent, from the same period in 1970. Most of this reduction resulted from a 4.5-million-pound decline in imports of cigarette leaf (flue and burley) and a 12.9-million-pound decline in imports of cigarette leaf (other). General imports of unstemmed cigar filler increased 2.6 million pounds.

U.S. IMPORTS OF UNMANUFACTURED TOBACCO
[For consumption]

Period and kind	1970 Quantity	1970 Value	1971 Quantity	1971 Value
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
January-February:				
Cigarette leaf (flue & burley)	1,025	346	127	41
Cigarette leaf, other	22,970	15,121	25,177	16,553
Cigar wrapper	82	314	73	264
Mixed filler & wrapper	40	179	33	134
Cigar filler, unstemmed	261	290	554	508
Cigar filler, stemmed	472	622	479	625
Scrap	9,258	3,367	10,928	3,454
Stems	43	2	134	9
Total	34,151	20,241	37,505	21,588
February:				
Cigarette leaf (flue & burley)	124	31	16	6
Cigarette leaf, other	11,869	7,738	11,896	7,803
Cigar wrapper	59	216	35	136
Mixed filler & wrapper	24	96	14	61
Cigar filler, unstemmed	114	129	188	169
Cigar filler, stemmed	239	321	281	382
Scrap	4,970	1,909	4,598	1,447
Stems	15	(1)	114	8
Total	17,414	10,440	17,142	10,012

[1] Less than $500. Bureau of the Census.

U.S. GENERAL IMPORTS OF UNMANUFACTURED TOBACCO

Period and kind	1970 Quantity	1970 Value	1971 Quantity	1971 Value
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
January-February:				
Cigarette leaf (flue & burley)	4,988	2,236	492	124
Cigarette leaf, other	45,092	31,900	32,186	18,013
Cigar wrapper	103	304	58	146
Mixed filler & wrapper	37	137	29	106
Cigar filler, unstemmed	6,929	2,389	9,554	3,179
Cigar filler, stemmed	295	329	239	320
Scrap	5,542	1,631	4,281	1,084
Stems	28	1	114	8
Total	63,014	38,927	46,953	22,980
February:				
Cigarette leaf (flue & burley)	1,327	502	—	—
Cigarette leaf, other	25,914	18,273	19,359	10,621
Cigar wrapper	73	242	40	99
Mixed filler & wrapper	16	61	10	39
Cigar filler, unstemmed	3,941	1,431	6,470	2,108
Cigar filler, stemmed	133	174	131	183
Scrap	2,395	650	1,524	274
Stems	—	—	114	8
Total	33,799	21,333	27,648	13,322

Bureau of the Census.

Cotton

U.S. Raw Cotton Exports Hit New High

U.S. exports of cotton amounted to 562,000 running bales in March, compared with 455,000 bales in February. The March total is more than double the exports of 246,000 bales during March 1970, and the largest for any month since April 1969.

Shipments in the first 8 months (August-March) of the current season totaled 2,425,000 bales, more than 40 percent higher than the 1,706,000 bales shipped during the same pe-

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Country of destination	Year beginning August 1: Average 1960-64	1968	1969	Aug.-Mar. 1969	Aug.-Mar. 1970
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	0	0	0	0
Belgium-Luxembourg	121	30	19	13	35
Denmark	14	1	(1)	(1)	(1)
Finland	17	3	6	6	1
France	319	88	30	23	38
Germany, West	269	31	26	21	58
Italy	345	62	46	36	41
Netherlands	110	19	19	13	25
Norway	13	5	1	1	2
Poland	125	106	51	51	0
Portugal	21	8	2	2	(1)
Romania	2	0	46	18	33
Spain	74	5	4	3	11
Sweden	81	51	37	32	23
Switzerland	74	32	15	12	29
United Kingdom	244	48	38	20	60
Yugoslavia	112	54	0	0	0
Other Europe	15	7	4	2	11
Total Europe	1,979	550	344	253	367
Algeria	9	27	11	10	15
Australia	61	0	(1)	(1)	1
Bolivia	7	0	0	0	0
Canada	353	108	181	116	193
Chile	18	(1)	1	1	(1)
Colombia	3	(1)	(1)	0	(1)
Congo (Kinshasa)	6	0	0	0	0
Ethiopia	9	9	1	1	1
Ghana	1	17	27	27	27
Hong Kong	148	194	61	47	166
India	314	174	261	117	154
Indonesia	40	105	242	116	71
Israel	15	1	(1)	(1)	(1)
Jamaica	4	2	2	2	1
Japan	1,192	536	623	438	616
Korea, Republic of	261	447	455	269	306
Morocco	12	19	28	12	17
Pakistan	14	1	16	9	0
Philippines	123	119	146	63	71
South Africa	41	9	4	3	13
Taiwan	209	259	193	112	188
Thailand	34	66	54	26	99
Tunisia	2	0	5	5	0
Uruguay	6	0	0	0	0
Venezuela	8	(1)	(1)	(1)	7
Vietnam, South	46	62	99	70	76
Other countries	9	26	14	9	36
Total	4,924	2,731	2,768	1,706	2,425

[1] Less than 500 bales.

riod in 1969-70. Exports to Japan and India were 137,000 bales and 119,000 bales higher, respectively, than those a year ago for the same months. Shipments to the Republic of Korea, Hong Kong, and Canada were also higher than those a year earlier. Competitive prices for U.S. cotton during most of 1970-71 and a sharp reduction in foreign Free World supplies are largely responsible for the larger U.S. exports.

Fruits, Nuts, and Vegetables

Yugoslav Hop Estimate Revised

Revised data place 1970 Yugoslav hop production at 11.2 million pounds, well below the anticipated 12.2 million pounds. Exports during the 1970-71 season are forecast at 9.4 million pounds, compared with 9.2 million pounds in 1969-70.

On March 11, 1971, the Yugoslav Government officially approved a "commodity contingent" allowing the domestic trade to import 2.2 million pounds of hops during calendar 1971. This is the first time in recent years that Yugoslav breweries have used foreign hops. The smaller than anticipated crop, large export commitments, and increased demand for beer on the Yugoslav market led to the shortage of hops.

YUGOSLAV HOP SUPPLY AND DISTRIBUTION

Item	1967-68	1968-69	1969-70	1970-71 [1]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*
Beginning stocks (Oct. 1)	0.7	0.8	0.2	0.1
Production	11.7	11.3	11.2	11.2
Imports	—	—	—	2.2
Total supply	12.4	12.1	11.4	13.5
Exports	9.3	9.4	9.2	9.4
Domestic disappearance	2.3	2.5	2.1	2.4
Ending stocks (Sept. 30)	.8	.2	.1	1.7
Total distribution	12.4	12.1	11.4	13.5

[1] Forecast.

Sugar and Tropical Products

Rust-Resistant Coffee Breeding Material

The Latin American Bureau of the Agency for International Development (AID) recently concluded a Participating Agency Service Agreement with the New Crops Research Branch of USDA's Agricultural Research Service, which provides funds for the USDA to resume its role in distributing new coffee germ plasm resistant to coffee leaf rust to Latin American coffee-producing countries. The goal of the project is to limit the spread of coffee rust in order to maintain existing levels of coffee production.

This project complements an international program adopted by representatives of Latin American coffee-producing countries in Costa Rica in June 1970. At that time it was agreed that assistance should be provided to member countries in carrying out measures to impede the introduction of the fungi *H. vastatrix* and *H. coffeicola.* A principal goal is to establish, in collaboration with member countries by means of necessary experimentation, various lines of hybrid coffee varieties that present resistance to strains of *H. vastatrix* (especially Strain II) or *H. coffeicola* and that also have production capacity and quality comparable to the best varieties grown in the different countries.

Beginning in 1954, AID supported a cooperative project with the USDA to introduce and distribute selected coffee breeding material through its inspection facilities in Washington, D.C., Glenn Dale, Md., and Miami, Fla. As a result of adjustments in project priorities, AID funding for this project was discontinued in 1968.

With the recently concluded agreement, New Crops Research Branch, ARS, is resuming its role in the distribution of coffee breeding stocks in the Western Hemisphere through plant quarantine. Arrangements have been made for the Branch to receive from the Coffee Rust Research Center, Portugal, vegetative stocks of the 26 rust-differentiating clones (plants reproduced vegetatively). This material will be grown in quarantine at the Glenn Dale, Md., station. When the plants are of shipping size and can be certified rust free, sets of the differentials will be available to research organizations active in coffee breeding.

Seeds of 60 hybrids from crosses between resistant strains and high-yielding, high-quality arabicas will also be shipped from Portugal to Glenn Dale. When seedlings have reached shipping size they will be available for distribution.

Seed is being harvested from the coffee collection at Miami, Fla. A current inventory of the collection has been prepared, giving names of the clones and their rust-reaction group as determined by the Coffee Rust Research Center.

AID is to inform host-country coffee associations, institutes, and ministries of agriculture of the availability of this material, then coordinate all requests for coffee plants, inventories, and seed within these countries.

Congo's Pyrethrum Crop Lower in 1970

Pyrethrum production (dry-flower basis) by the Congo (Kinshasa) in 1970 totaled 533,000 pounds, down substantially from the 1969 harvest of about 1 million pounds. Approximately 20,200 pounds of extract was manufactured from the dry flowers by the Congo's sole pyrethrum factory near Goma in North Kivu. Most of the extract was shipped to the United States and the rest to Kenya for auction.

New Australian Sugar Agreement

A bill passed in March gives effect to a new sugar agreement between the Commonwealth of Australia and the State of Queensland. The agreement, which had been negotiated in September 1970 and will run until June 30, 1974, provides for maximum wholesale prices for refined sugar and sugar products. The complete embargo on imports of sugar, golden syrup, and treacle is also to continue.

Details are spelled out in the agreement for the payment of domestic and export rebates on sugar used in processing industries, notably the canned fruits industry. Manufacturers who purchase fruit at prices not less than the minimums declared annually by the Fruit Industry Sugar Concession Committee are entitled to a rebate of A$15 per long ton of sugar used in products sold on the domestic market. A rebate equal to the difference between the domestic wholesale price and the lowest import parity price is paid for sugar used in exported products.

Tea Group Sets Export Quota

The Standing Exporters Group of the Food and Agriculture Organization of the United Nations (FAO) Consultative Committee on Tea, meeting in Rome in early April, agreed to continue its global tea export quota for 1971 at the 1970 level of 594,800 metric tons.

The group also decided that, beginning in 1972, the quota year would be changed to an April-March basis, which would coincide more closely with the Indian harvest season. Another meeting of the Standing Exporters Group is scheduled for this fall to review the tea situation and quotas.

Kenya Gets ICO Diversification Loan

Under a pact recently signed between Kenya and the International Coffee Organization, Kenya will get an interest-free loan of $460,000 for livestock development in coffee-producing areas. The International Coffee Agreement is the first international commodity agreement to make such a loan to a member developing country for diversification efforts. The loan is for encouraging intensive animal production in coffee-growing areas. Repayment is scheduled for a 20-year period, with a 5-year grace period. At the time of the loan, April 23, the International Coffee Organization Diversification Fund amounted to $68 million. The Fund is expected to amount to $134 million by September 1973, when the 5-year International Coffee Agreement expires.

Cocoa Producers Suspend Forward Sales

In a move toward strengthening world cocoa bean prices, the Cocoa Producers Alliance (composed of Ghana, Nigeria, Ivory Coast, Cameroon, Togo, and Brazil) at a recent 3-day April meeting in Accra, Ghana, agreed to suspend forward sales of the upcoming 1971-72 (October-September) crops until marketing conditions appear favorable.

Cocoa bean prices have been trending downward from the high levels of 1969, when heavy rains damaged the 1968-69 West African crops. New York spot "Accra" cocoa beans averaged 45.7 cents per pound in 1969, then declined to an average of 34.2 cents in 1970, reflecting a recovery in 1969-70 world production that caused a small surplus after 4 consecutive deficit-production years. With the possibility of a record world crop in 1970-71 and a further stock buildup, prices continued to decline during the early months of 1971, averaging 28 cents per pound during January-April.

FAO Revises World Cocoa Estimates

At the 28th Session of the Committee on Statistics under the Study Group on Cocoa, of the Food and Agriculture Organization of the U.N. (FAO), held in Rome April 14-15, revised estimates of world production and grindings of cocoa beans were made. The Committee estimated world cocoa bean production for 1970-71 at 1,464,000 metric tons and 1971 grindings at 1,418,000 tons, giving a surplus of 32,000 tons after adjustments of 1 percent for loss in weight. Production for 1969-70 was placed at 1,416,000 tons and 1970 grindings at 1,359,000 tons.

Production estimates for 1970-71 crops in major producing countries were (in 1,000 metric tons) Ghana 416; Nigeria 293; Ivory Coast 175; Brazil 170; Cameroon 105; and Ecuador 62.

U.S. Grinds More Cocoa Beans

U.S. cocoa bean grindings for the first quarter of 1971 totaled 144.6 million pounds (65,590 metric tons), up slightly from the 143.8 million pounds (65,227 tons) processed during the corresponding 1970 period. Total 1970 grindings amounted to 585.2 million pounds (265,445 tons), and with larger world cocoa bean supplies and lower prices this year, the grind should be 600 million pounds (272,158 tons).

First-quarter grinding results from West Germany and the Netherlands also showed improvement over a year ago. West German grindings totaled 33,699 metric tons for January-March 1971, compared with 32,312 tons for the similar 1970 months, and the Netherlands processed 31,070 metric tons, up 9.5 percent over the first-quarter 1970 grind of 28,380 tons. However, the United Kingdom's grind fell by 3.8 percent to 20,200 long tons.

Nicaragua's Sugar Supply Rises

Nicaragua's sugar grind from the 1970-71 crop will produce enough sugar to meet domestic needs and the U.S. quota and leave a surplus of 15,000-20,000 tons.

The 1970-71 sugar harvest will last until about May 15. Some additional acreage and better-than-average weather this year will result in larger sugar production than last year. It is now expected that 158,700 metric tons of sugar will be produced on about 60,000 acres.

Crushing for the current crop began in late November. The mills have ample capacity, and no difficulties are being experienced in adjusting canecutting and mill operations.

Malagasy Spice Exports Increase

Exports of vanilla beans from the Malagasy Republic in 1970 totaled a record 2.68 million pounds, valued at $13 million, up 11 percent over the year before. Clove exports also were higher, rising to 11.6 million pounds, valued at $16.9 million, compared with shipments of only 2.1 million pounds in 1969. Black pepper exports fell to 4.9 million pounds, at $1.9 million, from 7.7 million pounds in 1969.

Crops and Markets Index

U.S. DEPARTMENT OF AGRICULTURE
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P.L. 480 Pace Picks Up During March and April

The pace of the Public Law 480 sales program picked up sharply in March and April, when 13 new country-to-country agreements and one private trade entity agreement were announced by the Export Marketing Service.

Largest was a $150 million agreement with India for the sale of wheat, vegetable oil, and cotton. An $8.5 million agreement was signed with Cambodia—the first P.L. 480 transaction with that country in many years.

The Indian agreement covers 57.6 million bushels of wheat or wheat equivalent in flour, 165.3 million pounds of vegetable oil, and about 200,000 bales of cotton. The vegetable oil and cotton are to be purchased this fiscal year, and the wheat by the end of fiscal 1972. Substantial purchases of these commodities had already been made under advance authorizations.

Of the $150 million in total purchases, $120 million will be paid under a long-term arrangement in local currency convertible to dollars, the remaining $30 million in Indian rupees. This is expected to be the last foreign currency agreement with India, since the authority for such payment expires at the end of 1971.

The Cambodian agreement provides for purchase of 14,000 bales of cotton, 4.4 million pounds of cotton yarn, 1,000 metric tons of tobacco, 1.1 million pounds of vegetable oil, and 13,000 metric tons of wheat flour, all to be supplied in calendar 1971.

Payment will be made in Cambodian currency (riels), 20 percent of which are to be set aside for U.S. expenses in Cambodia and 80 percent will be a grant for common defense. Under the self-help provision of the agreement, Cambodia will give priority attention to protecting the harvest, storage, and movement of agricultural commodities.

Other P.L. 480 Title I agreements or amendments signed in March and April include:

Guinea: $763,000 for the purchase of about 1,500 bales of cotton and 1,500 metric tons of vegetable oil in fiscal 1971.

Tunisia: $13.4 million for the purchase of 2.4 million bushels of wheat and/or flour and about 66 million pounds of soybean oil in fiscal 1971. Half of the payment will be made in U.S. dollars and the rest in convertible local currency.

Indonesia: $58.6 million for purchase of about 16.9 million bushels of wheat or flour equivalent and 204,000 bales of cotton in calendar 1971.

Paraguay: $2.9 million for the purchase of about 1.7 million bushels of wheat or wheat equivalent in flour during calendar 1971.

Pakistan: $5.3 million to be added to an existing agreement and enable Pakistan to purchase the full 221 million pounds of vegetable oil originally planned. Pakistan had been able to purchase only about 85 percent of the amount contemplated because of a rise in the price of oil since the agreement was signed.

Afghanistan: $3 million to finance the purchase of about 1.8 million bushels of wheat or wheat equivalent as flour in fiscal 1971.

Vietnam: $1.5 million for the purchase of 3,443 tons of nonfat dry milk.

Dominican Republic: $7.6 million for the purchase of 2.9 million bushels of wheat or wheat equivalent as flour and 12.3 million pounds of vegetable oil in fiscal 1971. About half the wheat had already been purchased under advance authorizations.

Korea (government-to-government): $55.3 million for the purchase of 18.4 million bushels of wheat or wheat equivalent as flour, 2.8 million bushels of corn, and 150,00 bales of cotton in calendar 1971.

Korea (private trade entity): $1.9 million to the Seoul City Livestock Cooperative for purchase of 30,000 metric tons of corn; proceeds to be used to provide feed milling and poultry production and processing facilities.

Philippines: $18.4 million for the purchase of 145,000 bales of cotton and approximately 1,000 metric tons of tobacco.

Sierra Leone: $215,000 for the purchase of 3,000 metric tons of wheat or wheat flour.

On all agreements, sales will be made by private U.S. traders. Purchase authorizations are announced as issued.